

**Income Maintenance Advisory Committee
Department of Health and Family Services
Division of Health Care Financing
September 16, 2004
*Minutes***

County Attendees: **Jackie Bennett**, Racine Co.; **Shiela Drays**, Dodge Co.; **Joanne Faber**, Washington Co.; **Liz Green**, Dane Co.; **Gloria Guitan**, Milwaukee Co.; **Jane Huebsch**, Marathon Co.; **Ed Kamin**, Kenosha Co.; **Chris Machamer**, Waupaca Co.; **Amy Piotter**, Outagamie Co.; **Mike Poma**, Milwaukee Co.; **Shirley Ross**, LaCrosse Co.; **Sue Schmitz**, Waukesha Co.; **Sheryl Siegl**, Winnebago Co.; **Cindy Sutton**, Rock Co.

State Attendees: **Mary Claridge**, DHFS/DMT; **Bernadette Connolly**, DHFS/BIMA; **Curtis Cunningham**, DHFS/DMT; **Sara Edmonds**, DHFS/BHCE; **Brian Fangmeier**, DHFS/BIMA; **Theresa Fosbinder**, DHFS/BHCE; **John Haine**, DHFS/BIMA; **Essie Herron**, DHFS/BIMA; **Vicki Jessup**, DHFS/BIMA; **Jim Jones**, DHFS/BHCE; **Donna King**, DHFS/BHCE; **Julie Loebel**, DHFS/BHCE; **Pam Lohaus**, DHFS/BIMA/AA; **Bob Martin**, DHFS/BHCE; **Cheryl McIlquham**, DHFS/BHCE; **Mike McKenzie**, DHFS/BHCE; **Amy Mendel-Clemens**, DHFS/BHCE; **Jodi Ross**, DHFS/BIMA; **Joanne Simpson**, DHFS/BIMA; **Edie Sprehn**, DWD; **Staci Wanty**, DHFS/BHCE; **Rick Zynda**, DHFS/BIMA

Administrative Items

- August meeting minutes were approved.
- A DHFS HMO Advisory Committee has been established. Liz Green will be the IMAC representative at these meetings.
- The proposed new language in the IT section of the contracts has been removed per County request, and will instead be included in an Administrator's memo at a later date.

Biennial Budget Information

Cheryl McIlquham distributed a summary of the DHFS biennial budget request to DOA and discussed the sections relating to IM.

Base IM funding is included in the department request as part of a broader Eligibility Quality Assurance package. Joanne Simpson distributed a summary of the draft base IM funding request, see handouts below.

Training Assessment

At the August IMAC meeting the counties raised some concerns over a potential DHFS requirement in the Worker Web Training Model, for county staff to pass a training assessment before receiving a log-on id. This issue was again discussed. The committee decided to approve the required assessment for the Worker Web Training Model only. DHFS agreed to discuss training requirements with the committee before adding them to other training models in the future.

BadgerCare and SMRF Updates

Jim Jones talked about the impact of employment verification processing and the increased premium on BadgerCare participation. While he did not have a handout at the meeting, we have attached a powerpoint with the statistics Jim cited in the meeting. (There is a separate attachment to these minutes)

SMRF

- ❑ Approximately 34% of FS cases that received six-month report forms (SMRFs) in July closed effective Aug. 31 for SMRF-related reasons. This is compared to approximately 17% of cases that would normally have closed due to failure to complete a review interview. The vast majority of closures were for failure to return a complete SMRF to the local agency.
- ❑ In an effort to increase the number of completed SMRFs that are returned, the State is enhancing the language on the SMRF and instructions, and on the closure notice language that customers receive at adverse action in the SMRF month if a SMRF has not been returned. The state is also developing a SMRF fact sheet for workers to hand out to FS customers. The enhanced language will make it much clearer that the SMRF must be returned with verification of income and other changes by the end of the month in order for a recipient to continue receiving FS benefits without completing a new application.
- ❑ Discussions with staff from Hunger Task Force of Milwaukee and the Milwaukee Community Advisory Panel also indicate that word of mouth information between advocate groups and recipients will increase customer knowledge of SMRF requirements.
- ❑ The State will continue to monitor the SMRF completion rate and compare it to previous review completions rates to help evaluate SMRF effectiveness.

Food Stamp Error Rate

- The statewide FS error rate through April is at 7.6%, with Milwaukee at 11.2% and the balance of the state at 4.6%.
- With 3 cases outstanding the projected FS error rate through May is at 7.1%.
- Milwaukee's FS error rate for the month of May is at 3.0%.

Sub-Committee Reports

□ Program Integrity/Fraud

See handout below. The sub-committee made three recommendations to IMAC. The IMAC focused on data reporting and monitoring. It was agreed that DHFS staff would identify:

- ✓ What management reports are needed
- ✓ Options for data reporting including modifications to CARES and considerations of other data report systems.

DHFS staff will then take these options back to the ad-hoc sub-committee.

□ IT

- ✓ This sub-committee has been meeting with DWD's "IT" committee to discuss issues that cross the Departments.
- ✓ Pilots have been developed for the electronic case files.
- ✓ Discussions will continue on the Employment Verification Form issues.
- ✓ This sub-committee has also been looking into the possibility of combining several programs to create a single sign on, and reduce the log ins needed.
- ✓ This sub-committee is also working to set up a web implemented security application. This would allow for workers to have access to other counties for the purposes of consortia and cross county change centers, and create a single sign-on for the CARES Mainframe and Worker Web for those people.
- ✓ Jim Jones also reminded everyone that there will be a hiatus of CARES changes made until early 2005 due to the Worker Web work being done. While some high priority, emergency changes will be done during this time, most maintenance and development projects for DHFS will be on 'hiatus'.

The MA Handbook is now available on-line, The FS manual will be available October 15th, and the IM manual is being worked on for a later roll-out.

IM Funding for 2006 and 2007 DHFS Budget Request

The DHFS budget request as submitted to the Department of Administration on September 15, 2004, incorporates the use of the new method of funding Income Maintenance Administration as developed jointly by DHFS and the IMAC Workload and Finance Subcommittee.

The DHFS budget proposal includes a phased in approach to IM funding using the new methodology.

The budget proposal provides for an additional \$2.5 million (all funds) in CY 2006, and \$5.1 million (all funds) in CY 2007 statewide, compared to base funding. (Base funding is \$49.2 million.)

- CY 2005 funding is \$50.6 million (including the one-time supplemental funding).
- CY 2006 funding is proposed at \$51.8 million
- CY 2007 funding is proposed at \$54.3 million.

For CY 2006 and CY 2007, DHFS estimated each agency's allocation at full funding using the new methodology and incorporating caseload increases for each year as well as cost of living adjustments. The allocation for each agency was then prorated given available funding.

- ◆ Under the budget proposal, agencies that would receive an increase under the new methodology would receive an increase in funding of 1.5% to 3.5% in CY 2006, and an additional increase of 2.5% to 10.5% in CY 2007.
 - In each year, these county agencies could receive no more than the amount determined under the new methodology at full funding.
- ◆ Agencies for which the CY 2005 allocation is greater than the full funding amount under the new methodology would not receive an increase.
 - Three counties, therefore, would receive less than their CY 2005 allocation because the amount they would receive under the new model is less than the CY 2005 allocation. The decrease for these agencies is also phased-in. These agencies receive a maximum decrease of 1.5% in CY 2006 and 2.5% in CY 2007.
- ◆ Tribal agencies would not receive lower than their CY 2005 allocation.

**IMAC Public Assistance Program Integrity/Fraud Prevention Ad Hoc
Subcommittee Report
September 2004**

Purpose of the Subcommittee

- Assess the level of funding and staff resources available for fraud prevention investigations, fraud investigations, and establishing overpayment claims and collections.
- Examine ways to relieve local agency workload, reduce errors, and increase benefit recovery.

Issues Discussed Since April 2004 Report to IMAC - The subcommittee has met each month, with the exception of July. The following are the key issues discussed:

1. **Food Stamp Change Reporting Policy Revision** – potential impact on what constitutes a “client error” and how referrals for investigations may be impacted. There will likely be less Food Stamp client errors to be investigated between certification periods, but a greater need for Front-End Verification achieve accuracy at the time of application and redetermination.
2. **Child Care Fraud/Error** – Many agencies, Milwaukee in particular, are seeing a significant increase in fraud and error by Child Care clients and providers.
 - When local agencies investigate potential client error/fraud, they often also investigate the CC provider activity, to determine where the error/fraud is occurring. However, very limited resources are available to local agencies for Child Care program monitoring and fraud prevention activities.
 - Rebecca Brueggeman, DWD Office of Child Care, attended the June meeting and reported that errors in the CC program is a national issue. DWD is part of a federal pilot project, and is planning to be more active in monitoring and auditing of the CC program.
 - It was suggested that DWD should consider creating a separate budget item to address Child Care vendor fraud, including system enhancements and collections activities, at the local level.
 - There needs to be a funding mechanism for claiming costs associated with the provider portion of the investigations, which is currently unfunded.
3. **Program Integrity Data Reporting**
 - The subcommittee is very concerned about inconsistent reporting of FEV and Fraud program data, which impacts the ability to do accurate cost benefit analysis to determine how the programs achieve cost savings.
 - CARES data indicates that reporting of Program Integrity and Fraud program activity (referrals through final dispositions) is not always complete. The subcommittee discussed the need for monitoring by the Department to

determine how to improve the reporting, and provide technical assistance, if needed.

- DHCF is working on the 2005 MER document, conducted in about a third of the local agencies each year. The MER will include a questionnaire about Program Integrity/Fraud programs, including how local agencies are collecting and recording data, if the appropriate data is being entered in CARES, and if not, what data is recorded outside of CARES.
- DHCF staff asked the subcommittee to submit comments on the draft of the questionnaire.

4. Training

- Theresa Fosbinder presented an overview of methods being used for statewide training, with emphasis on Distance Learning.
- Program Integrity/Fraud Prevention training discussion focused on Benefit Recovery training needed by local staff – to place more emphasis on overpayment and claims establishment.
- Kathy Judd will present a workshop at the WAPAF Annual Conference in October.

5. Front-End Verification (FEV) and 2nd Party Reviews

- DHCF and the IMAC Workload & Finance Committee discussed the impact of the 2nd Party Review process, particularly in relation to the initial results of the Milwaukee “Find & Fix” effort. There has been discussion as to the relationship between 2nd Party Reviews and FEV – whether there are similarities, parallel processes, and if the two processes could be combined to complement each other.
- The subcommittee discussed the focus, goals, methods, types of cases and errors associated with 2nd Party Reviews vs. FEV.
- The consensus is that there are substantial differences, including, but not limited to:
- FEV is conducted prior to confirmation of eligibility – preventing errors - 2nd Party Reviews are conducted after eligibility is determined, and benefits issued.
- 2nd Party Reviews are primarily a case file review to determine if proper procedures were followed by the IM worker to arrive at the eligibility determination – FEV is a more in-depth investigation to verify and document case specific information provided by the client, using local agency “error prone profiles”.
- 2nd Party Reviews are performed on a small sample of the caseload – currently two Food Stamp cases per worker per month, and one MA case per agency per month. FEV, when implemented as intended, applies to any cases identified as “error prone” by the local agency.
- Based on the findings, 2nd Party Reviews can result in referrals for FEV or fraud investigations.

- FEV provides a means of reducing workload for the IM workers (verification of error prone and questionable client information by the FEV specialist) – 2nd Party Reviews identify training needs based on types of worker errors.
- The subcommittee feels that each of the two processes have value in detecting errors, but are primarily designed for different purposes and outcomes – one focused more on “worker error”, the other on “client error”.
- There is concern that if funding for FEV was combined with funding for 2nd Party Reviews, or with general IM Allocations, there would be risk in losing emphasis in the need for both, and agencies use the funds for general IM Administration.

Recommendations

1. Emphasis on Program Integrity

There needs to be more emphasis and prioritizing at the state and local level on the need for program integrity in administering public assistance programs, from the administrator/management levels to the front-line staff. Program integrity should be considered equally as important as timely eligibility determination and benefit issuance.

2. Training

Specific training in the principles of program integrity should be provided and promoted, in “new worker training” and for current local agency line staff and supervisors in 2005 – from basic philosophy and responsibilities to policies and procedures. This should include, as recommended by IMAC, training in benefit recovery.

3. Data Reporting and Monitoring

In order to document the outcomes of Program Integrity efforts at the local level, the Department should prioritize the importance of thorough and accurate data reporting in the CARES system. Specifically, the Department should focus on IM Contract reporting requirements by increased monitoring of local agency data reporting, providing training and technical assistance where needed.